

UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA

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DAVID M. SEMAS, *et al.*,

Plaintiffs,

v.

CHEMETALL US, INC., *et al.*,

Defendants.

Case No. 3:19-CV-00125-CLB

**ORDER GRANTING DEFENDANTS’
MOTIONS TO DISMISS**

[ECF Nos. 216, 218, 225]

Currently pending before the Court are motions to dismiss filed against Plaintiffs David M. Semas (“Semas”) and Metalast, Inc. (“Metalast”) (collectively referred to as “Plaintiffs”). The first was filed by Defendants Chemetall US, Inc. (“Chemetall”), BASF Corp. (“BASF”), QualiChem, Inc. (“QualiChem”), Miles Chemical Co. (“Miles”), John Schneider and Associates, Inc. (“Schneider”), Ronatec C2C (“Ronatec”), and Southern Industrial Chemicals, Inc (“Southern”). (ECF No. 216.) Plaintiffs responded, (ECF No. 226), and the above Defendants replied. (ECF No. 229.) The second motion to dismiss, and an amendment to that motion, were filed by Defendant Albemarle Corp. (“Albemarle”). (ECF Nos. 218, 225.) Plaintiffs responded, (ECF No. 227), and Albemarle replied. (ECF No. 228.) For the reasons stated below, the Court grants both motions to dismiss.

I. BACKGROUND

On November 19, 2018, Plaintiffs initiated this lawsuit in the United States District Court for the Central District of California against Chemetall, BASF, QualiChem, Miles, Schneider, Ronatec, Southern, and Albemarle (collectively referred to as “Defendants”). (ECF No. 1.) On March 1, 2019, the case was transferred to the District of Nevada. (ECF No. 61.) Chemeon Surface Technology, LLC (“Chemeon ST”) is an intervenor. (ECF No. 21.)

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Both motions to dismiss filed in this case allege that the instant litigation is precluded based on *Chemeon Surface Tech., LLC v. Metalast Int'l, Inc.*, No. 3:15-CV-00294-CLB, (D. Nev. June 3, 2015) (*Chemeon*). As determination of both motions to dismiss will involve discussion of both the instant case and *Chemeon*, the Court will discuss the relevant backgrounds for both.

A. *Chemeon*¹

The dispute in *Chemeon* arose from the breakup of a business and a disagreement over the terms of a subsequent settlement agreement entered into between Plaintiff Chemeon Surface Technology, LLC's ("Chemeon ST"), Counter-Defendants Dean Meiling ("Dean") and Madylon Meiling ("Madylon") (collectively referred to as "*Chemeon* Plaintiffs" or "the Meilings"), and Defendants and Counterclaimants David M. Semas ("Semas"), Metalast International, Inc. ("MI-INC"), and Metalast International, LLC ("MI-LLC") (collectively referred to as "*Chemeon* Defendants"). (ECF No. 627 at 1.) The Court characterized the case as having "a long and difficult history spanning over many years, several lawsuits, and various courts." (*Id.*)

On July 14, 2014, Metalast initiated an adversary proceeding in Semas's bankruptcy case asserting ownership of the Metalast trademark. (ECF No. 313 at 4.) Bankruptcy Judge Gregg W. Zive mediated a settlement of the dispute on January 27, 2015. (ECF No. 314-14.) Ultimately, the parties reached a settlement agreement. (ECF No. 627 at 7.) On March 11, 2015, the Bankruptcy Court entered its order approving the settlement agreement and all claims arising prior to that date were expressly released by the parties. (*Id.* at 10.) The settlement agreement included a provision which prohibited use of the term "Metalast" by the *Chemeon* Plaintiffs after June 15, 2015. (*Id.* at 23.)

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¹ Unless otherwise noted, citations to the record in this section are to the docket in *Chemeon*.

Chemeon filed suit on June 3, 2015, seeking relief for: (1) misappropriation of trade secrets under NRS 600A.030; (2) declaratory judgment of no trademark infringement; (3) cancellation of the logo trademarks; (4) common law trademark infringement; (5) copyright infringement; (6) intentional interference with prospective economic advantage; (7) unfair competition under 15 U.S.C. § 1125(a); (8) statutory deceptive trade practices/consumer fraud; and (9) unjust enrichment. (ECF No. 1.) On September 3, 2015, the *Chemeon* Defendants filed counterclaims against the *Chemeon* Plaintiffs, seeking relief for: (1) breach of contract; (2) breach of the covenant of good faith and fair dealing (i.e., “bad faith”); (3) trademark dilution; (4) trademark infringement; (5) trademark infringement and unfair competition under state law; (6) trademark dilution under state law; and (7) specific performance of settlement. (ECF No. 51.)

On November 1, 2016, the Court granted a stipulation to voluntarily dismiss—with prejudice—claims for relief in the amended counterclaim. (ECF No. 199.) The counterclaims for trademark dilution, trademark infringement, trademark infringement and unfair competition under state law, and trademark dilution under state law were therefore dismissed with prejudice. (*Id.*) The dismissed counterclaims alleged that Plaintiffs impermissibly used “Metalast” to describe products marketed by Chemeon ST and therefore diluted and detracted from the Metalast trademark and created likely confusion and mistake “to deceive consumers as to the source or origin” of Metalast. (ECF No. 51 at 10-13.) On October 31, 2019, Chemeon filed its Third Amended Complaint, which became the operative complaint. (ECF No. 535.)

Following extensive pretrial motion practice, the Court held a bench trial on the remaining claims and counterclaims in November of 2020. (ECF Nos. 600, 603, 605, 606, 608.) Chemeon ST’s claims that proceeded to trial were: (1) declaratory judgment, (2) common law trademark infringement, and (3) copyright infringement. (ECF No. 627 at 2.) The counterclaims were for: (1) breach of contract, (2) breach of the covenant of good faith and fair dealing, and (3) specific performance of the settlement agreement. (*Id.*) Critically, the issues presented at trial by the counterclaims included whether the

1 settlement agreement was breached by Chemeon ST's use of the term "formerly
2 Metalast" and whether future use of the "formerly Metalast" name was prohibited. (*Id.*)

3 Following the bench trial, the Court entered findings of facts and conclusions of
4 law. (ECF No. 627.) Judgment was entered pursuant to that order and the case was
5 closed. (ECF No. 629.) As to whether the future use of the phrase "formerly Metalast"
6 was prohibited, the Court concluded that Chemeon ST and the Meilings utilized the term
7 "Metalast" on product labels, technical data sheets, safety sheets, business
8 correspondence and documents and in a variety of other means in commerce in direct
9 contravention to the ban provision after June 15, 2015. (ECF No. 627 at 23.)
10 Consequently, the Court found that the way Chemeon utilized the term "formerly
11 Metalast" or "formerly known as Metalast" as evidenced at the trial, breached the terms
12 of the settlement agreement. (*Id.*) The Meilings and Chemeon ST were ordered to
13 perform the settlement by halting all use of "Metalast" on any product labels,
14 advertisements, sales orders, invoices, purchase orders, technical data sheets, safety
15 data sheets, web pages, brochures, or other documents of commerce. (*Id.* at 42.)

16 Subsequently, the *Chemeon* Plaintiffs appealed the findings of fact and
17 conclusions of law. (ECF No. 648.) On June 2, 2022, the Ninth Circuit affirmed in part
18 and vacated and remanded in part the Court's findings of facts and conclusions of law.
19 (ECF No. 657.) Specifically, the Ninth Circuit: (1) affirmed the Court's judgment in favor
20 of the *Chemeon* Defendants' breach of contract counterclaim; (2) found the Court did
21 not err in excluding Chemeon ST's trademark affirmative defense evidence and in
22 excluding an Occupational Safety and Health Administration litigation brief; (3) affirmed
23 the Court's judgment denying Chemeon ST's trademark infringement claims; (4) found
24 the Court did not abuse its discretion in denying Chemeon ST's claim for attorney fees
25 under the Lanham Act; and (5) found the Court erred when it granted summary
26 judgment dismissing Chemeon ST's claim for trademark cancellation based solely on
27 the fact that Chemeon did not have an interest in its "own mark." (*Id.*) On remand, the
28 Ninth Circuit directed the Court to determine whether Chemeon ST's other asserted

1 interests are sufficient to establish standing to pursue the trademark cancellation claim
2 related to the “Metalast” trademark. (*Id.*)

3 Pursuant to the Ninth Circuit’s memorandum, the case was reopened and the
4 Court’s grant of summary judgment in favor of the *Chemeon* Defendants as to the claim
5 for cancellation of the Metalast registration was vacated. (ECF No. 660.) The parties
6 filed motions for summary judgment on the sole issue of whether Chemeon ST had
7 standing to pursue a trademark cancellation claim. (ECF Nos. 663, 664, 665, 666.)

8 On February 3, 2023, the Court granted summary judgment in favor of the
9 defendants, finding “Chemeon lacks standing to pursue its cancellation claim.” (ECF No.
10 677 at 13.) Again, judgment was entered, and the case was closed. (ECF No. 678.)
11 Chemeon ST appealed, (ECF No. 680), and the Ninth Circuit affirmed. *Chemeon*
12 *Surface Tech. LLC v. Metalast Int’l, Inc.*, No. 23-15291, 2024 WL 1904538, at *2 (9th
13 Cir. May 1, 2024).

14 **B. Instant Action**

15 On November 19, 2018, Plaintiffs initiated suit against Defendants in the United
16 States District Court for the Central District of California. (ECF No. 1.) On February 27,
17 2019, the case was transferred to the District of Nevada. (ECF No. 61.) In so doing, the
18 California court found that the “questions of fact and law presented in both actions are
19 identical” and therefore the “‘interest of justice’ *demands* transfer of this suit to a district
20 court in Nevada” (ECF No. 61 at 3-4 (emphasis added).)

21 On June 13, 2024, Plaintiffs filed their second amended complaint, which
22 became the operative complaint in this case. (ECF No. 214). The complaint identifies
23 Chemetall and QualiChem as “Manufacturer/Distributors” and BASF, Miles, Schneider,
24 Ronatec, Albemarle, and Southern as “Distributors.” (*Id.* at 5.) Plaintiffs allege that
25 Chemetall, QualiChem, and Southern “manufactured, advertised, labeled, sold, and
26 distributed products identified as ‘formerly Metalast’” “[w]ithout license, consent, or other
27 authorization from the owner of the Metalast trademark.” (*Id.* at ¶¶ 136-38.) Plaintiffs
28 allege the remaining Defendants “advertised, labeled, sold, and distributed products

1 identified as ‘formerly Metalast’” “[w]ithout license, consent, or other authorization from
 2 the owner of the Metalast trademark.” (*Id.* at ¶ 139.) Plaintiffs assert claims for: (1)
 3 trademark infringement under federal law, (2) false designation of origin, (3) trademark
 4 dilution, (4) trademark infringement under Nevada law, (5) unfair business and trade
 5 practices, (6) unjust enrichment, and (7) declaratory relief. (See ECF No. 214.)

6 **II. LEGAL STANDARD**

7 Under Federal Rule of Civil Procedure 12(b)(6), a party may file a motion to
 8 dismiss on the grounds that a complaint “fail[s] to state a claim upon which relief can be
 9 granted.” A complaint challenged “by a Rule 12(b)(6) motion to dismiss does not need
 10 detailed factual allegations” but requires plaintiff to provide actual grounds for relief. *Bell*
 11 *Atlantic Corp. v. Twombly*, 550 U.S. 544, 555 (2007). Generally, a motion to dismiss
 12 pursuant to Rule 12(b)(6) tests the “legal sufficiency of the claim.” *Conservation Force v.*
 13 *Salazar*, 646 F.3d 1240, 1241-42 (9th Cir. 2011) (quoting *Navarro v. Block*, 250 F.3d
 14 729, 732 (9th Cir. 2001)). In assessing the sufficiency of a complaint, all well-pleaded
 15 factual allegations must be accepted as true, *Ashcroft v. Iqbal*, 556 U.S. 662, 678
 16 (2009), and “view[ed] . . . in the light most favorable to the” nonmoving party. *Lemmon*
 17 *v. Snap, Inc.*, 995 F.3d 1085, 1087 (9th Cir. 2021). Dismissal is proper only where there
 18 is no cognizable legal theory or an “absence of sufficient facts alleged to support a
 19 cognizable legal theory.” *Davidson v. Kimberly-Clark Corp.*, 889 F.3d 956, 965 (9th Cir.
 20 2018) (quoting *Navarro*, 250 F.3d at 732).

21 The Ninth Circuit has found that two principles apply when deciding whether a
 22 complaint states a claim that can survive a 12(b)(6) motion. First, to be entitled to the
 23 presumption of truth, the allegations in the complaint “may not simply recite the
 24 elements of a cause of action, but must contain sufficient allegations of underlying facts
 25 to give fair notice and to enable the opposing party to defend itself effectively.” *Starr v.*
 26 *Baca*, 652 F.3d 1202, 1216 (9th Cir. 2011). Second, so that it is not unfair to require the
 27 defendant to be subjected to the expenses associated with discovery and continued
 28 litigation, the factual allegations of the complaint, which are taken as true, “must

1 *plausibly* suggest an entitlement to relief.” *Id.* (emphasis added). An amended pleading
 2 supersedes the original pleading and renders it of no legal effect, unless the amended
 3 complaint incorporates by reference portions of the prior pleading. *Williams v. County of*
 4 *Alameda*, 26 F.Supp.3d 925, 936 (N.D. Cal. 2014); *see also Loux v. Rhay*, 375 F.2d 55,
 5 57 (9th Cir. 1967) (“The amended complaint supersedes the original, the latter being
 6 treated thereafter as nonexistent.”) (citing cases), *overruled in part by Lacey v.*
 7 *Maricopa County*, 693 F.3d 896, 928 (9th Cir. 2012).

8 **III. DISCUSSION**

9 **A. Motion to Dismiss**

10 First, the Court must determine whether the motions to dismiss can be decided
 11 without converting either motion into a motion for summary judgment as both the
 12 Plaintiffs and Defendants attached exhibits to their briefs. “As a general rule, a district
 13 court may not consider any material beyond the pleadings in ruling on a Rule 12(b)(6)
 14 motion.” *Lee v. City of Los Angeles*, 250 F.3d 668, 688 (9th Cir. 2001) (internal
 15 quotation marks and citation omitted). If either party to the motion to dismiss submits
 16 materials outside the pleadings in support of, or opposition to, the motion, the Court has
 17 discretion either to consider or reject such evidence. *See Swedberg v. Marotzke*, 339
 18 F.3d 1139, 1143-46 (9th Cir. 2003) (where a district court does not rely on the materials
 19 submitted outside the pleadings, a motion to dismiss need not be converted into a
 20 motion for summary judgment). If a district court does consider evidence outside the
 21 pleadings, it must normally convert the 12(b)(6) motion into a Rule 56 motion for
 22 summary judgment, and it must give the nonmoving party an opportunity to respond.
 23 *United States v. Ritchie*, 342 F.3d 903, 907 (9th Cir. 2003) (citing Fed. R. Civ. P. 12(b));
 24 *see Bank Melli Iran v. Pahlavi*, 58 F.3d 1406, 1408 (9th Cir. 1995).

25 However, a court may consider a limited set of documents without converting a
 26 Rule 12(b)(6) motion into a motion for summary judgment: documents attached to the
 27 complaint, documents incorporated by reference in the complaint, or matters that can be
 28 judicially noticed. *Ritchie*, 342 F.3d at 908. Even if a document is not attached to a

1 complaint, it may be incorporated by reference into a complaint if the plaintiff refers
 2 extensively to the document or the document forms the basis of the plaintiff's claim. *Id.*;
 3 *see Branch v. Tunnell*, 14 F.3d 449, 453–54 (9th Cir. 1994), *overruled on other grounds*
 4 *by Galbraith v. County of Santa Clara*, 307 F.3d 1119 (9th Cir. 2002). The doctrine of
 5 incorporation by reference may apply, for example, when a plaintiff's claim about
 6 insurance coverage is based on the contents of a coverage plan, or when a plaintiff's
 7 claim about stock fraud is based on the contents of SEC filings. *See Parrino v. FHP,*
 8 *Inc.*, 146 F.3d 699, 706 (9th Cir. 1998), *superseded by statute on other grounds as*
 9 *recognized in Abrego Abrego v. Dow Chemical Co.*, 443 F.3d 676, 681 (9th Cir. 2006).
 10 Additionally, “[a] court may take judicial notice of ‘matters of public record’ without
 11 converting a motion to dismiss into a motion for summary judgment.” *Lee*, 250 F.3d at
 12 689. Pursuant to Federal Rule of Evidence 201, a court may take judicial notice of facts
 13 “not subject to reasonable dispute.” *Khoja v. Orexigen Therapeutics, Inc.*, 899 F.3d 988,
 14 998 (9th Cir. 2018).

15 Here, the vast majority of the attached exhibits are documents pulled from the
 16 dockets in *Chemeon* and the instant case. The Court takes judicial notice of the dockets
 17 and filings in *Chemeon* and the instant case. *See* Fed. R. Evid. 201; *Harris v. Cty. of*
 18 *Orange*, 682 F.3d 1126, 1131-32 (9th Cir. 2012) (courts “may take judicial notice of
 19 undisputed matters of public record,” including filings in federal or state courts). To the
 20 extent any exhibits do not satisfy the requirements for use without converting the
 21 motions to dismiss into motions for summary judgment, the Court will not review the
 22 exhibits beyond determining whether they may be relied upon. *Swedberg*, 339 F.3d at
 23 1143-46. Therefore, the Court will resolve this matter as a motion to dismiss without
 24 converting the motion to one for summary judgment.

25 **B. Claim Preclusion**

26 In both motions to dismiss, Defendants argue that this case must be dismissed
 27 based on assertions that Plaintiff's causes of action are precluded by the doctrine of
 28 claim preclusion. “The related doctrines of claim and issue preclusion, by precluding

1 parties from contesting matters that they have had a full and fair opportunity to litigate,
 2 protect against the expense and vexation attending multiple lawsuits, conserve judicial
 3 resources, and foster reliance on judicial action by minimizing the possibility of
 4 inconsistent decisions.” *Media Rights Technologies, Inc. v. Microsoft Corp.*, 922 F.3d
 5 1014, 1021 (9th Cir. 2019) (quoting *Taylor v. Sturgell*, 553 U.S. 880, 892 (2008))
 6 (cleaned up). Under the doctrine of res judicata, or the claim preclusion doctrine, “a final
 7 judgment on the merits of an action precludes the parties or their privies from
 8 relitigating issues that were or could have been raised in that action. Under collateral
 9 estoppel [or the issue preclusion doctrine], once a court has decided an issue of fact or
 10 law necessary to its judgment, that decision may preclude relitigation of the issue in a
 11 suit on a different cause of action involving a party to the first case.” *Allen v. McCurry*,
 12 449 U.S. 90, 94 (1980) (internal citations omitted).

13 Claim preclusion bars relitigation of all claims that “could have been raised in a
 14 prior action.” *Holcombe v. Hosmer*, 477 F.3d 1094, 1097 (9th Cir. 2007). A plaintiff
 15 cannot avoid the bar of claim preclusion merely by alleging conduct by the defendant
 16 not alleged in the prior action, or by pleading a new legal theory. See *McClain v.*
 17 *Apodaca*, 793 F.2d 1031, 1034 (9th Cir. 1986). Although res judicata and collateral
 18 estoppel are affirmative defenses, a Rule 12(b)(6) motion is an appropriate motion in
 19 which to raise these defenses when the defenses raise no disputed issues of
 20 fact. See *Scott v. Kuhlmann*, 746 F.2d 1377, 1378 (9th Cir. 1984).

21 Claim preclusion is appropriate where: (1) there was a final judgment on the
 22 merits, (2) the same claim or cause of action was involved in both suits, and (3) the
 23 parties are identical or in privity. *Owens v. Kaiser Found. Health Plan, Inc.*, 244 F.3d
 24 708, 713 (9th Cir. 2001). The Court will first evaluate whether the three elements for
 25 claim preclusion are met and then will turn to the extent of the preclusive effect, if any.

26 **1. Final Judgment on the Merits**

27 Any dismissal, except one for lack of jurisdiction, improper venue, or failure to
 28 join a party under Rule 19, operates as a final judgment on the merits. Fed. R. Civ.

1 P. 41(b). Dismissal of an action with prejudice is considered a final judgment on the
 2 merits. *Headwaters Inc. v. U.S. Forest Service*, 399 F.3d 1047, 1092 (9th Cir.
 3 2005). Defendants argue that the Court’s entry of summary judgment and grant of a
 4 stipulation to voluntarily dismiss with prejudice claims for relief in the amended
 5 counterclaim in the *Chemeon* case constitutes a final judgment on the merits in this
 6 case.² (ECF No. 216 at 13; ECF No. 225 at 18.)

7 Plaintiffs argue, in a footnote, that the stipulated dismissal of a claim with
 8 prejudice only has preclusive effect in the same court. (ECF No. 226 at 12, n.7 (citing
 9 *Headwaters*, 399 F.3d at 1052, n.4 (further citations omitted).) Plaintiffs argue that
 10 because this action was initially filed in the Central District of California, and the
 11 voluntarily dismissed claims were brought in the District of Nevada, the dismissal with
 12 prejudice “could not have preclusive effect.” (ECF No. 226 at 12, n.7.)

13 In *Headwaters*, the Ninth Circuit noted that “a stipulated dismissal ‘with prejudice’
 14 under Rule 41 of the Federal Rules of Civil Procedure *may* not have res judicata effect,
 15 even for the named parties in that suit, in another court.” 399 F.3d at 1052, n.4
 16 (emphasis added). The Ninth Circuit pointed to the Supreme Court’s “important
 17 distinction” in *Semtek International, Inc. v. Lockheed Martin Corp.*, 531 U.S. 497, 506
 18 (2001), that “dismissal with prejudice in federal court ‘bars refiling of the same claim in’
 19 the same district court, but is only ‘a necessary condition, not a sufficient one, for claim-
 20 preclusive effect in other courts.’” *Headwaters*, 399 F.3d at 1052, n.4 The Supreme
 21 Court’s language makes clear that *Semtek* was not stating that a voluntary dismissal
 22 with prejudice could never be preclusive, rather, *Semtek* stands for the principle that a
 23 voluntary dismissal with prejudice *alone* is not preclusive. See 531 U.S. at 501–06.

24 Turning to the case at hand, although the suit was filed in the Central District of
 25 California, it is now pending in the same district as the voluntarily dismissed claims.

26
 27 ² Defendants note that on May 23, 2024, the Ninth Circuit issued its mandate
 28 affirming the District Court’s judgment, resolving the final appeal of all issues associated
 with *Chemeon*. (ECF No. 216 at 13; ECF No. 225 at 18.)

(ECF No. 61.) In deciding to transfer the case, the court found that “[d]espite Plaintiffs’ thinly-veiled attempt to construe this case as a separate dispute by not naming [Chemeon ST] as a party, the questions of fact and law presented in both actions are identical.” (*Id.* at 3-4.) The court noted that “[b]esides identifying a handful of witnesses residing in California and noting that some of the Defendants are either incorporated or do business in California, Plaintiffs make a scant showing of connection between their causes of action and their preferred venue.” (*Id.*) Consequently, the court determined “[t]hat the effects of that dispute now reach other jurisdictions through [Chemeon ST’s] subsequent contracts with Defendants does not justify the advent of parallel litigation in a separate venue.” (*Id.*) In fact, the court concluded “[i]t is clear that the ‘interest of justice’ *demands* transfer of this suit to a district court in Nevada” (*Id.* (emphasis added).)

Here, where the case is now pending in the same district as the stipulation to dismiss with prejudice, finding that the dismissal is not preclusive simply because Plaintiffs filed the suit in a different district would be antithetical to the “interests of justice.” This interpretation would promote forum shopping as it would essentially nullify the effect of a stipulation to dismiss with prejudice in any case where jurisdiction may be proper in another federal district. As other courts within the Ninth Circuit have stated, “[r]es judicata may not be avoided on the basis of . . . an attorney’s ill-considered decision to enter into an all-encompassing stipulation of withdrawal with prejudice.” *Rumbo Perez v. Espinosa*, 2020 WL 2095804, at *6 (C.D. Cal Jan. 21, 2020) (quoting *Durney v. WaveCrest Labs., LLC*, 441 F. Supp. 2d 1055, 1059 (N.D. Cal. 2005)). Thus, the Court finds that the stipulation to dismiss the counterclaims in *Chemeon* with prejudice is a final judgment on the merits for the purpose of claim preclusion. See *Headwaters*, 399 F.3d at 1052, n.4.

2. Identity of Claims

The Court will now evaluate whether the same claims or causes of action were involved in both *Chemeon* and the instant litigation. To determine whether the cases

involve the same claims, the Court considers the following factors:

(1) [W]hether rights or interests established in the prior judgment would be destroyed or impaired by prosecution of the second action; (2) whether substantially the same evidence is presented in the two actions; (3) whether the two suits involve infringement of the same right; and (4) whether the two suits arise out of the same transactional nucleus of facts.

Constantini v. Trans World Airlines, 681 F.2d 1199, 1201-02 (9th Cir. 1982) (citation omitted).

The Ninth Circuit has recognized that whether the two suits arise out of the same transactional nucleus of facts is the most important factor. *Id.* at 1202; *see also Headwaters*, 399 F.3d at 1052; *Turtle Island Restoration Network v. U.S. Dept. of State*, 673 F.3d 914, 918 (9th Cir. 2012). Further, the Ninth Circuit has held that because the common-nucleus criterion is outcome determinative, the Court need not consider the other criteria. *Media Rights*, 922 F.3d at 1029-30 (collecting cases).

“Whether two events are part of the same transaction or series depends on whether they are related to the same set of facts and whether they could conveniently be tried together.” *Western Sys., Inc. v. Ulloa*, 958 F.2d 864, 871 (9th Cir. 1992) (citing Restatement (Second) of Judgments § 24(1) (1982)); *see also Turtle Island*, 673 F.3d at 918 (citation omitted). The Ninth Circuit has advised that:

[i]n most cases, “the inquiry into the ‘same transactional nucleus of facts’ is essentially the same as whether the claim could have been brought in the first action.” *United States v. Liquidators of European Fed. Credit Bank*, 630 F.3d 1139, 1151 (9th Cir. 2011). A plaintiff need not bring every possible claim. But where claims arise from the same factual circumstances, a plaintiff must bring all related claims together or forfeit the opportunity to bring any omitted claim in a subsequent proceeding.

Turtle Island, 673 F.3d at 918.

However, “[t]he fact that res judicata depends on an ‘identity of claims’ does not mean that an imaginative attorney [or litigant] may avoid preclusion by attaching a different legal label to an issue that has, or could have been litigated.” *Tahoe Sierra Preservation Council, Inc. v. Tahoe Regional Planning Agency*, 322 F.3d 1064, 1077–78 (9th Cir. 2003). “Newly articulated claims based on the same nucleus of facts may

1 still be subject to res judicata finding if the claims could have been brought in the earlier
 2 action.” *Id.* at 1078. “It is immaterial whether the claims asserted subsequent to the
 3 judgment were actually pursued in the action that led to the judgment; rather, the
 4 relevant inquiry is whether they could have been brought.” *Id.* (citation omitted).

5 In *Chemeon*, the counterclaims alleged that the settlement agreement stated that
 6 the *Chemeon* Plaintiffs refused to stop using the name Metalast in violation of the
 7 settlement agreement. (See ECF No. 51 (*Chemeon*)). The counterclaims further
 8 asserted that Chemeon ST, “at the direction of its owners, [the Meilings], continued to
 9 use ‘Metalast’ to describe products marketed by [Chemeon ST]” following the 90-day
 10 period specified in the settlement. (*Id.* at ¶ 45.) Specifically, the counterclaims assert
 11 that Metalast and Semas “are entitled to specific performance of the Settlement by court
 12 decree ordering Counter Defendants to forever cease and desist from using ‘Metalast’
 13 in any fashion or manner whatsoever.” (*Id.* at ¶ 67.) The counterclaim sought relief in
 14 the form of:

15 Entry of a preliminary injunction and permanent injunction enjoining the
 16 [*Chemeon* Plaintiffs], and each of them, and *their affiliates, agents,*
 17 *officers, members, employees, and other persons related to* [*Chemeon*
 18 Plaintiffs] from publishing or otherwise using the term “Metalast” in “any
 fashion or manner whatsoever,” including any references on websites
 owned or controlled by [*Chemeon* Plaintiffs], on any product data sheets,
 product safety sheets, *product labeling*, or other marketing materials[.]

19 (*Id.* at 14 (emphasis added).)

20 In *Chemeon*, the issue of whether Chemeon ST was able to use the term
 21 “Metalast” was litigated both at trial and in motion practice. For example, before the
 22 case was referred to the undersigned Magistrate Judge on consent,³ Chief District
 23 Judge Du determined at summary judgment that an issue of fact existed as to whether
 24 the way Chemeon ST and the Meilings used “formerly Metalast” after the 90-day
 25 transition period would fit within the terms of the Settlement Agreement. (ECF No. 233

26 _____
 27 ³ On May 13, 2019, *Chemeon* was referred to the undersigned Magistrate Judge
 28 to conduct all proceedings and order the entry of final judgment in accordance with 28
 U.S.C. § 636(c) and Fed. R. Civ. P. 73. (ECF No. 494 (*Chemeon*)).

1 (*Chemeon*.) In making findings of fact and conclusions of law, the Court was required
2 to “determine whether the use of the word “Metalast” fit within the terms of the
3 Settlement Agreement.” (ECF No. 627 (*Chemeon*.)

4 Thus, the record shows that in *Chemeon*, the parties litigated whether the use of
5 the “formerly Metalast” language by Chemeon ST and its distributors. (See, e.g., ECF
6 No. 214 at 1 (pleading that the Court in *Chemeon* considered claims that Chemeon ST
7 and its distributors were legally entitled to refer to Chemeon ST the company and its
8 products as “formerly Metalast.”); see *id.* at 12-13 (“The point of the [*Chemeon*]
9 Litigation was to destroy Semas and his family in order to pressure Semas to forfeit the
10 Metalast brand and trademark so that [Chemeon ST], Chemetall, QualiChem,
11 [Southern], and other Distributors could continue profiting from the Metalast trademark
12 without paying any compensation for the use of the brand.”); ECF No. 627 at 30
13 (*Chemeon*) (discussing the *Chemeon* Defendants’ counterclaim for specific
14 performance of the settlement agreement’s prohibition on the use of Metalast “in any
15 fashion or manner whatsoever.”).)

16 Here, the Court must accept all well-pleaded factual allegations as true and must
17 view those factual allegations in the light most favorable to Plaintiffs. *Iqbal*, 556 U.S. at
18 678; *Lemmon*, 995 F.3d at 1087. In the instant complaint, Plaintiffs allege that
19 Chemetall, QualiChem, and Southern “manufactured, advertised, labeled, sold, and
20 distributed products identified as ‘formerly Metalast’” “[w]ithout license, consent, or other
21 authorization from the owner of the Metalast trademark.” (ECF No. 214 at ¶ 136-38.)
22 Plaintiffs allege the remaining Defendants “advertised, labeled, sold, and distributed
23 products identified as ‘formerly Metalast’” “[w]ithout license, consent, or other
24 authorization from the owner of the Metalast trademark.” (*Id.* at ¶ 139.)

25 The operative complaint in this case states that the Court in *Chemeon*
26 considered claims that Chemeon ST and its distributors were legally entitled to refer to
27 Chemeon ST the company and its products as “formerly Metalast.” (ECF No. 214 at 1.)
28 The complaint also alleges that “[t]he point of the [*Chemeon*] Litigation was to destroy

1 Semas and his family in order to pressure Semas to forfeit the Metalast brand and
 2 trademark so that [Chemeon ST], Chemetall, QualiChem, SIC, and other Distributors
 3 could continue profiting from the Metalast trademark without paying any compensation
 4 for the use of the brand.” (*Id.* at 12-13.) Thus, by Plaintiffs’ own words, *Chemeon*
 5 encompassed Chemeon ST’s distributors. Plaintiffs then identify all Defendants in the
 6 instant case as distributors or manufacturer/distributors. (*Id.* at ¶ 17.) By Plaintiffs’ own
 7 words, the claims from *Chemeon* overlap with the claims in the instant suit because
 8 *Chemeon* was about the ability of Chemeon ST and its distributors to use the term
 9 “formerly Metalast.”

10 This is further supported by the District Court for the Central District of
 11 California’s decision to transfer the instant case to the District of Nevada. Specifically,
 12 the court found that “[d]espite Plaintiffs’ thinly-veiled attempt to construe this case as a
 13 separate dispute by not naming [Chemeon ST] as a party, the questions of fact and law
 14 presented in both actions are identical.” (ECF No. 61 at 3-4.) The Central District of
 15 California specifically found that “[t]he fundamental dispute is whether Plaintiffs own and
 16 have exclusive right to use the Metalast mark, or whether [Chemeon ST]—directly or by
 17 licensing to Defendants—also enjoys use of the Metalast mark.” (*Id.* at 4.) Ultimately,
 18 the court concluded “[i]t is clear that the ‘interest of justice’ *demands* transfer of this suit
 19 to a district court in Nevada” (*Id.* (emphasis added).)

20 Additionally, although the common-nucleus factor is determinative, the evidence
 21 required in both cases also weighs in favor of finding an identity of claims. In both
 22 actions, the evidence presented includes Chemeon ST or its business partners’
 23 marketing materials, technical materials, packaging, and labeling that use the language
 24 “formerly Metalast.” For example, in the instant case, Plaintiffs attach to their complaint
 25 an email from a Chemetall employee to the “Chemetall team” stating that “[t]he labeling
 26 and our TDS sheets and MSDS sheets always will refer to formerly Metalast TCP-HF . .
 27 . .” (ECF No. 214-7.) The very same email was used as evidence in *Chemeon*. (ECF
 28 No. 627 at 13 (*Chemeon*) (“Further, Chemetall USA, Inc. circulated an email stating, in

1 relevant part: . . . The labeling and our TDS sheets and MSDS sheets always will refer
 2 to ‘formerly Metalast TCP-HF . . .’) Moreover, any evidence concerning the
 3 “famousness” of the Metalast trademark would be essentially the same. As such, the
 4 Court finds that there is an identity of claims between the claims in *Chemeon* and the
 5 instant case for purposes of claim preclusion.

6 **3. Identity or Privity of Parties**

7 Turning to the final element for claim preclusion, the parties must be identical or
 8 there must be some sort of privity between them. *Owens*, 244 F.3d at 713. The
 9 Supreme Court has identified six exceptions to the general rule that nonparty cannot be
 10 bound by preclusion: (1) “a person who agrees to be bound by the determination of
 11 issues in an action between others is bound in accordance with the terms of his
 12 agreement”; (2) “preexisting ‘substantive legal relationships’ between the person to be
 13 bound and a party to the judgment”; (3) “‘in certain limited circumstances,’ a nonparty
 14 may be bound by a judgment because she was ‘adequately represented by someone
 15 with the same interests who was a party’ to the suit”; (4) “a nonparty is bound by a
 16 judgment if she ‘assumed control’ over the litigation in which that judgment was
 17 rendered”; (5) “a person who did not participate in litigation later brings suit as the
 18 designated representative of a person who was a party to the prior adjudication”; and
 19 (6) “in certain circumstances a special statutory scheme may ‘expressly foreclose
 20 successive litigation by nonlitigants . . . if the scheme is otherwise consistent with due
 21 process.’” *Taylor*, 553 U.S. at 893–95 (internal citations omitted).

22 A nonparty is adequately represented in a prior suit when, “at a minimum: (1)
 23 [t]he interests of the nonparty and her representative are aligned; and (2) either
 24 the party understood herself to be acting in a representative capacity or the original
 25 court took care to protect the interests of the nonparty.” *Id.* at 900 (citations omitted). “In
 26 addition, adequate representation sometimes requires (3) notice of the original suit to
 27 the persons alleged to have been represented.” *Id.* Moreover, a “‘lesser degree of privity
 28 is required for a new defendant to benefit from claim preclusion than for a plaintiff to

1 bind a new defendant in a later action.” *Mars Inc. v. Nippon Conlux Kabushiki-Kaisha*,
 2 58 F.3d 616, 619 (Fed. Cir. 1995) (quoting *Lubrizol Corp. v. Exxon Corp.*, 929 F.2d 960,
 3 966 (3d Cir. 1991)); see *Airframe Systems, Inc. v. Raytheon Co.*, 601 F.3d 9, 17 (1st
 4 Cir. 2010) (“We, along with other circuits, have long held that claim preclusion applies if
 5 the new defendant is closely related to a defendant from the original action—who was
 6 not named in the previous law suit, not merely when the two defendants are in privity.”)
 7 (internal quotation marks omitted).

8 In *Chemeon*, the parties were Chemeon ST, the Meilings, Semas, MI-INC and
 9 MI-LLC. The instant case involves Semas, Metalast, Chemetall, BASF, QualiChem,
 10 Miles, Schneider, Ronatec, Southern, Albemarle, and intervenor Chemeon ST. As to the
 11 Plaintiffs, both Semas and Metalast were named parties in both cases and thus the
 12 identity of parties element is satisfied.⁴ However, the issue is that the Defendants in this
 13 action were not specifically named as parties in *Chemeon*.

14 Defendants argue that although they were not specifically named as parties in
 15 *Chemeon*, they are privies with Chemeon ST, who was a named party. (ECF No. 225 at
 16 18.) Defendants point to the Plaintiff’s own language in the operative complaint stating
 17 that the *Chemeon* case “considered claims by [Chemeon ST] that [Chemeon ST] *and its*
 18 *distributors* were legally entitled to refer to [Chemeon ST] (the company) and its
 19 products as ‘formerly Metalast.’” (ECF No. 214 at 1 (emphasis added).) Again, the Court
 20 must accept all well-pleaded factual allegations as true and must view those factual
 21 allegations in the light most favorable to Plaintiffs. *Iqbal*, 556 U.S. at 678; *Lemmon*, 995
 22 F.3d at 1087.

23 The complaint in this case expressly states that “[t]he point of the [*Chemeon*]
 24 Litigation as attempting “to destroy Semas and his family in order to pressure Semas to
 25 forfeit the Metalast brand and trademark so that [Chemeon ST], Chemetall, QualiChem,
 26 SIC *and other Distributors* could continue profiting from the Metalast trademark without

27 ⁴ Plaintiffs do not provide any argument to the contrary. (See ECF Nos. 226, 227.)
 28

1 paying any compensation for the use of the brand.” (ECF No. 214 at ¶ 64.) The
2 complaint also identifies Chemetall and QualiChem as “Manufacturer/Distributors” and
3 BASF, Miles, Schneider, Ronatec, Albemarle, and Southern as “Distributors.” (*Id.* at ¶
4 17.)

5 Plaintiffs argue that Defendants’ motions do not contain any evidence of a
6 partnership or indemnification agreement with Chemeon ST.⁵ (ECF No. 226 at 8.)
7 Plaintiffs argue that “[Defendants] simply manufacture and sell chemicals, and pay
8 royalties to Chemeon ST pursuant to arm’s length agreements. [Defendants] share no
9 fiduciary relationship, ownership, management, or profits with Chemeon ST. Chemeon
10 ST was never a successor, predecessor, class representative, or other legal
11 representative for the [Defendants].” (*Id.*) However, Plaintiffs admit that Chemeon ST
12 and Movants “definitely share common interests: they have all exploited the Metalast
13 brand for profit without any legal right to do so.” (*Id.* at 14.)

14 Plaintiffs further argue that because Defendants were not party to the settlement
15 agreement, any claims relating to the breach of that agreement could not have
16 preclusive effect on Defendants. (ECF No. 226 at 9.) However, as part of the evidence
17 provided to show that the settlement was breached, the *Chemeon* Defendants provided
18 an exhibit showing that Chemetall, who Plaintiffs identify as a Manufacturer/Distributors
19 of Chemeon ST products, was using the term “formerly Metalast.” (ECF No. 627 at 13
20 (*Chemeon*)). Thus, although Defendants may not have been party to the Settlement
21 Agreement itself, the conduct of Chemeon ST’s business partners is relevant to the
22 performance of the agreement.

23 The parties against whom claim preclusion is being asserted were parties to the
24 previous suit and thus their interests were adequately represented. *See Owens*, 244
25 F.3d at 713. In this scenario, because Defendants are trying to benefit from claim

26 ⁵ As the Court is evaluating this issue as a motion to dismiss, the Court may not
27 rely on declarations or affidavits, such as the declaration from Dean Meiling provided by
28 Plaintiffs, where the contents of such exhibits are not undisputed. (See ECF No. 216-
17.)

1 preclusion against parties who were named in the previous action, a lesser degree of
 2 privity is required. See *Mars Inc.*, 58 F.3d at 619. Based on the record as outlined above
 3 and the lower standard required, Defendants have sufficient privity to assert claim
 4 preclusion in this litigation. The interests of the Defendants and Chemeon ST are
 5 aligned and by the Plaintiffs' own words, *Chemeon* was litigated so that Chemeon ST
 6 and its distributors could continue profiting from the Metalast trademark. See *Taylor*,
 7 553 U.S. at 900. Thus, the identity of parties element has been satisfied. Based on the
 8 discussion above, the Court finds that all three elements for claim preclusion are met.

9 **4. Preclusive Effect**

10 After finding that claim preclusion is appropriate, the Court must now determine
 11 the scope of the preclusive effect. Claim preclusion bars relitigation of all claims that
 12 "could have been raised in a prior action." *Holcombe*, 477 F.3d at 1097. "[C]laim
 13 preclusion does not apply to claims that were not in existence and could not have been
 14 sued upon – *i.e.*, were not legally cognizable – when the allegedly preclusive action was
 15 initiated." *Media Rights*, 922 F.3d at 1021 (citing *Howard v. City of Coos Bay*, 871 F.3d
 16 1032, 1040 (9th Cir. 2017)).

17 Plaintiffs argue that *Chemeon* could not have any preclusive effect against
 18 Chemeon ST or Defendants for claims which accrued after commencement of
 19 *Chemeon*. (ECF No. 226 at 7.) Defendants argue any counterclaims against them
 20 directly "could have been raised" in *Chemeon* at least as late as November 14, 2019,
 21 which is within 14 days after the Third Amended Complaint was filed on October 31,
 22 2019, as directed by Fed. R. Civ. P. 15(a)(3). (ECF No. 229 at 7.) Thus, Defendants
 23 argue that any claims based on alleged conduct occurring prior to November 14, 2019,
 24 would be barred. (*Id.*) The Court agrees with this determination and finds that Plaintiffs
 25 could have raised the claims against Defendants in *Chemeon* until November 14, 2019.
 26 See *Razaghi v. Razaghi Development Co., LLC*, No. 2:18-cv-01622-GMN-DJA, 2021
 27 WL 4486342, at *7 (D. Nev. Sept. 30, 2021) (finding claim could not have been alleged
 28 in the previous suit because it arose after the final pleading was filed in the previous

1 suit).

2 Although Plaintiffs request injunctive relief to “halt any ongoing infringement of
3 the Metalast trademark, continuing dilution of the Metalast trademark, continuing
4 consumer confusion or false designation of origin, or further or ongoing torts under state
5 law,” Plaintiffs do not allege with specificity any ongoing conduct in the complaint. (ECF
6 No. 214 at 39.) Plaintiffs also do not provide a date after which they believe claims
7 would not be precluded. In fact, none of the complaints filed in the instant case allege
8 conduct occurring more recently than November 14, 2019. (See ECF Nos. 1, 16, 214.)
9 Consequently, there is an absence of sufficient facts alleged to support any claims
10 which are not precluded, and dismissal is therefore proper.⁶ See *Davidson*, 889 F.3d at
11 965 (citation omitted).

12 **IV. CONCLUSION**

13 **IT IS THEREFORE ORDERED** that the motion to dismiss filed by Chemetall,
14 BASF, QualiChem, Miles, Schneider, Ronatec, and Southern, (ECF No. 216), is
15 **GRANTED**.

16 **IT IS FURTHER ORDERED** that Albemarle’s motions to dismiss, (ECF Nos. 218,
17 225), are **GRANTED**.

18 **IT IS FURTHER ORDERED** that this action be **CLOSED** and that judgment be
19 entered accordingly.

20 **IT IS SO ORDERED.**

21 **DATED:** September 24, 2024.

22 
23 **UNITED STATES MAGISTRATE JUDGE**

24
25
26
27 ⁶ As the motions to dismiss are disposed of based on claim preclusion alone, the
28 Court declines to reach the merits of other arguments raised by the parties.